



U.S. Department of Justice

United States Attorney
District of Maine

100 Middle Street
6th Floor, East Tower
Portland, ME 04101

(207) 780-3257
TTY (207) 780-3060
Fax (207) 780-3304

For Immediate Release
October 30, 2006

Contact: Rick Murphy
James Chapman
Assistant U.S. Attorneys
Tel: (207) 780-3257

Bailey's Island Man Convicted of Tax Evasion

Portland, Maine: United States Attorney Paula D. Silsby announced today that on Friday, October 27, 2006, a jury convicted **John J. Anthony** of four counts of tax evasion in U.S. District Court in Portland after a five-day jury trial. The indictment charged Anthony, fifty-five years old and a resident of Bailey's Island, Maine, with willfully attempting to evade and defeat his individual income taxes for the years 1999 through 2002, in violation of Title 26, United States Code, Section 7201. The maximum penalty for each count is five years in prison, a fine of \$250,000, three years of supervised release, a mandatory \$100 special assessment, and the costs of prosecution. U.S. District Court Judge D. Brock Hornby has not yet set a date for sentencing.

According to the evidence presented at trial, John Anthony worked as an engineer at Bath Iron Works in Brunswick and received an annual pension from the U.S. Coast Guard. He filed a frivolous tax return with the IRS for 1999 claiming that he had no income, taxable income or tax liability. He then failed to file any tax returns for 2000 through 2002. However, the evidence established that he and his wife received total income that ranged between \$130,000 and \$340,000 during each of the four years. The evidence at trial also established that Anthony filed false and fraudulent Forms W-4 (Employee's Withholding Allowance Certificate) claiming that he was exempt from federal income taxes, he used nominee trusts to conceal his ownership in property, and he wire transferred more than \$800,000 in cash to an overseas bank account that he opened, using the name Courtyard, Inc., at the Federal Bank of the Middle East, in Cyprus. The evidence further established that as a result of this conduct, Anthony willfully attempted to evade more than \$190,000 in federal income taxes over the four-year period.

Anthony testified in his own defense that based upon his own reading of the Internal Revenue Code and other legal materials, he did not believe the tax code made him liable for federal income taxes. He also claimed to believe that the tax laws only applied to federal employees and citizens of the District of Columbia or other federal enclaves. The jury deliberated approximately three hours before returning a verdict of guilty on all counts.

U.S. Attorney Silsby praised the work of the Internal Revenue Service, Criminal Investigation Division. She also warned the public to be wary of claims made by some individuals that the tax laws did not apply to them or were unconstitutional. She stated that federal courts have repeatedly upheld the constitutionality of the income tax laws and have characterized as "frivolous" arguments that wages are not income, that the filing of a tax return is voluntary, and that the tax code does not make individuals liable for federal income taxes. For more information on tax scams, go to www.irs.gov and look for the section entitled, "Tax Scams - How to Recognize and Avoid Them."

###